

## Message Text

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PAGE 01 NEW DE 16965 231214Z

41

ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 CIAE-00 INR-07 NSAE-00 DODE-00

SP-02 COME-00 STR-04 L-03 EUR-12 AID-05 IGA-02 EA-07

OMB-01 TRSE-00 /061 W

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R 191200Z DEC 75

FM AMEMBASSY NEW DELHI

TO USDA WASHDC

INFO SECSTATE WASHDC 2939

C O N F I D E N T I A L NEW DELHI 16965

FROM AGATT FOR USDA - PASS NOVOTONY, DIRECTOR G&F DIV, FCA/FAS  
AND PENCE, INTL. MKT. DIR, G&F DIV., FMD/DAS.

E.O. 11652: GDS

TAGS: EAGR, IN

SUBJECT: INDIA FOODGRAIN IMPORT ESTIMATES

REF: (A) AIRCOMM DATED OCTOER 28, 1975 FROM GRAIN & FEED DIV.,  
FCS;

(B) JOHNSON LETTER TO NOVOTONY, DATED DECEMBER 3, 1975;

(C) NEW DELHI 16600 (CONFIDENTIAL

1. FOLLOWING SEVERAL MONTHS OF SITTING ON THE SIDELINES, INDIA CAME INTO THE INTERNATIONAL GRAIN MARKET IN OCTOBER AND NOVEMBER WITH SUBSTANTIAL PURCHASES OF WHEAT AND SORGHUM FROM THE U.S. THE RENEWED BUYING INTEREST SEEMS TO BE CONTINUING WITH THE REPORTED PURCHASE OF 200,000 TONS AUSTRALIAN WHEAT AND RELIABLE INDICATION THAT AN ADDITIONAL LIKE AMOUNT IS UNDER NEGOTIATION. SEE REF (C). IN ADDITION, USUALLY RELIABLE SOURCES REPORT THAT ARRANGEMENTS TO PURCHASE 200,000 TONS MILO FROM ARGENTINA HAVE BEEN FINALIZED AND THAT THE IMPORT OF 200-300,000 TONS OF ARGENTINE WHEAT IS UNDER CONSIDERATION. FINALLY, ALTHOUGH NOT CONFIRMED, WE HAVE PICKED UP INFORMATION THAT THE EC HAS BEEN APPROACHED FOR 2 MILLION TONS OF WHEAT OF WHICH ONE-HALF WOULD BE PURCHASED COMMERCIALLY SUBJECT TO ONE-HALF PROVIDED AS GRANT AID. IT IS OUR  
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PAGE 02 NEW DE 16965 231214Z

OPINION THAT IMPORTS RESULTING FROM THESE RECENT COMMIT-

MENTS OR FROM NEGOTIATION STILL UNDERWAY INVOLVING AUSTRALIA, ARGENTINA, AND THE BC WOULD MOST PROBABLY NOT ARRIVE UNTIL AFTER JULY 1, 1976, CONSIDERING THE KNOWN OUTSTANDING SALES NEGOTIATED PRIOR TO THESE SPECIFIC NEW DEVELOPMENTS.

2. IN VIEW OF RENEWED PURCHASING ACTIVITY BY THE GOI, IT APPEARS THAT THE TOTAL QUANTITY OF FOODGRAINS WHICH MAY BE IMPORTED DURING THE PERIOD JULY, 1975 THROUGH JUNE, 1976, WILL BE GREATER THAN ANTICIPATED. ON THE BASIS OF THE MOST RECENT INFORMATION AVAILABLE, WE ARE RAISING OUR PROJECTION OF FOODGRAIN IMPORTS BY INDIA FROM ALL SOURCES. WE DO NOT FIND IT POSSIBLE TO PROJECT FUTURE IMPORTS ON A MONTHLY BASIS BUT IN THE FOLLOWING TABLE IS REFLECTED (1) CUMULATIVE IMPORTS BY COUNTRY FROM JULY THROUGH NOVEMBER 1975; (2) KNOWN OUTSTANDING COMMITMENTS AND POSSIBLE CONTRACTS FOR DELIVERY THROUGH JUNE 1976; AND (3) KNOWN COMMITMENTS AND THOSE REPORTED UNDER CONSIDERATION FOR IMPORT AFTER JULY 1, 1976.

INDIA: FOODGRAIN IMPORT ARRIVALS & OUTSTANDING IMPORT COMMITMENTS

ARRIVALS KNOWN OUTSTANDING IMPORT AFTER JULY 1, 1976  
FOR JULY COMMITMENTS OR POSSIBLE KNOWN COMMIT-  
THROUGH NEW IMPORT COMMITMENTS MENTS/ RE-  
NOV. 1975 FOR ARRIVAL IN U.S. FY PORTED UNDER  
1976' CONSIDERATIONC/

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(THOUSAND METRIC TONS)

WHEAT

U.S.A.

COMMERCIAL	1337.2	2103.0		51B/
P.L.480	683.6	550.0A/		

AUSTRALIA

COMMERCIAL	168.1	32.0		200B/
AID	60.5	24.0	-	

CANADA

COMMERCIAL	124.0	-	-	
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EEC

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PAGE 03 NEW DE 16965 231214Z

COMMERCIAL	370.8	-		1000C/
AID	108.3	82.0		1000C/

SWEDEN

AID	17.4	-	-	
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NETHERLANDS

AID	12.0	-	-	
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## FRANCE

AID	-	30.0	-
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## BELGUIM

AID	-	5.0	5.0
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## U.K.

AID	-	50.0	-
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## ARGENTINA

COMMERCIAL	-	-	200-300C/
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2955.3	3053.0	2651 TO 2751

## SORGHUM

## U.S.A

COMMERCIAL	43.8	460.0	-
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## ARGENTINA

COMMERCIAL	98.2	102.0	-
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142.0	562.0	-

## RICE

## THAILAND

COMMERCIAL	118.2	35.0	-
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## GRANT TOTAL -

ALL FOODGRAINS	3215.5	3650.0	2651 TO 2751
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JULY 1, 1975 THRU JUNE 30, 1976.

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PAGE 04 NEW DE 16965 231214Z

A/INCLUDES 50,000 TONS OUTSTANDING/NOT YET REPORTED BY THE GOI  
FROM THE MARCH 20, 1975 AGREEMENT.

3. BASED ON THE ABOVE PROJECTIONS, TOTAL FOODGRAIN IMPORTS DURING  
1975-76 ARE EXPECTED TO AMOUNT TO 6.9 MILLION METRIC TONS UNLESS  
SOME OUTSTANDING CONTRACTS ARE DEFERRD FOR DELIVERY BEYOND JUL  
1, 1976. THIS FIGURE ALSO ASSUMES DELIVERY OF 500,000 TONS  
U. S. WHEAT UNDER AN AMENDED P.L. 480 TITAL I AGREEMENT.

4. IMPORTS FROM JULY THROUGH NOVEMBER 1975 HAVE AVERAGED  
643,000 METRIC TONS MONTHLY. OUR PROJECTION OF NOWN OUTSTANDING  
COMMITMENTS AND POSSIBLE NEW CONTRACTS FOR DELIVERY THROUGH JUNE,  
1976 OF 3.65 MILLION METRIC TONS WOULD REQUIRE AN AVERAGE MONTHLY  
IMPORT OF 521,000 METRIC TONS FOR THE REMAINING SEVEN MONTHS OF

FY76. IF THE LEVEL OF IMPORTS REACHES 6.9 MILLION METRIC TONS, THIS FIGURE WOULD BE ABOUT 1.1 MILLION TONS GREATER THAN IN FY75. THE RATE OF IMPORTS THUS FAR IN FY 76 AND THE PROBABLE TOTAL QUANTITY TO BE IMPORTED THROUGH JUNE 1976 INDICATES THE GOI IS PURSUING A POLICY OF REBUILDING ITS RESERVE STOCKS WHICH HAD BEEN SEVERELY DEPLETED FOLLOWING BAD WEATHER AND MOISTURE CONDITIONS WHICH HAVE ADVERSELY AFFECTED EITHER THE KHARIF OR RABI CROPS IN 1972, 1973, AND 1974. THE PLAN TO STOCKPILE HAS BEEN STEADFASTLY CONFIRMED BY MINISTER OF AGRICULTURE JAGJIVAN RAM AND SUPPORTED BY THE FINANCE MINISTER SUBRAMANIAM WHO HAS BEEN QUOTED IN THE PRESS AS MAINTAINING THAT A STOCKPILE OF 12 MILLION TONS OF FOODGRAINS IN TWO TO THREE YEARS WAS THE GOVERNMENT'S OBJECTIVE. THE PROSPECT OF A RECORD FOODGRAIN PRODUCTION IN 1975-76 HAS NOT CURBED IMPORTS. THE TEMPTATION TO CONSERVE FOREIGN EXCHANGE BY REDUCING IMPORTS OF FOODGRAINS HAS EVIDENTLY BEEN OVERCOME BY A STRONGER MOTIVATION TO HOLD THE LINE ON FOOD PRICES BY BOLSTERING TOTAL AVAILABILITY OF FOODGRAINS TO COVER POSSIBLE FUTURE DIPS IN PRODUCTION. IF THIS POLICY IS COMPLEMENTED BY A RECORD CROP IN FY 75-76, WHICH SEEMS A LIKELIHOOD, GOVERNMENT OFFICIALS SHOULD BE ABLE TO BREATHE EASIER FOR A WHILE AT LEAST.

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